



## GOVERNOR ARNOLD SCHWARZENEGGER

March 22, 2004

Dear California Delegation Member,

I am writing to urge your opposition to proposed reductions in Medicaid funding that could significantly jeopardize support for services to low-income, underserved Californians. Given California's budget challenges, the rising number of uninsured, and the financially precarious position of many of the state's safety net providers, California can ill afford reductions in federal Medicaid spending.

California opposes reductions in Medicaid funding and changes in current policy that would erode federal support of the state's fragile health care delivery system. I am particularly concerned by any proposals that would reduce the critical funding California uses to support its hospital safety net. Cuts in Medicaid funding for intergovernmental transfers, for example, could put \$900 million in federal funds to California per year at risk; Los Angeles County alone would lose \$500 million in funding for its hospitals. Clearly, reductions of this magnitude will place tremendous stress on the state's already financially fragile health care safety net, compelling hospitals to cut back on emergency and trauma care throughout California and, quite possibly, put entire hospitals at risk of closure.

I share Congress' commitment to further controlling Medicaid spending in California and eliminating waste, fraud and abuse in the program. Consistent with that commitment, I have proposed a comprehensive redesign of our state's Medicaid program to preserve health care coverage while managing costs in a more effective manner. Additionally we have a number of proposals to further the state's efforts to crack down on fraud and abuse in the program. These efforts will result in cost savings to both the State and federal governments.

Moreover, California already operates one of the most cost-effective Medicaid programs in the country. The state's low per capita spending coupled with its low federal Medicaid matching rate combine to make the federal per capita contribution the lowest in the nation. As a result, California cannot afford reductions in federal Medicaid funding.

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Over 6.5 million Californians rely on the state's Medicaid program to access essential health care services. As the budget process moves forward, I urge you to oppose proposed cuts to Medicaid spending that will undermine the system of health care low-

income Californians rely upon for their medical needs. I ask that you not cut funds for reimbursing states for their Medicaid costs or funds used by California to ensure that critical hospitals in the State are able to provide emergency room and trauma care.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Arnold Schwarzenegger", with a stylized flourish at the end.

Arnold Schwarzenegger